

## Message Text

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12/10

ORIGIN SS-05

INFO OCT-01 L-02 ISO-00 H-01 NSCE-00 SSO-00 CCO-00 /009 R

DRAFTED BY: ARA/LA: PJDEVOS

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R 251739Z NOV 74

FM SECSTATE WASHDC

TO AMEMBASSY SANTIAGO

C O N F I D E N T I A L STATE 259338

C O R R E C T E D C O P Y FOR GARBLE PARA 1

FOR AMBASSADOR WILLIAM G BOWDLER

FOLLOWING REPEAT STATE 259338 ACTION VLADIVOSTOK INFO TOKYO  
24 NOV 74

QTE

C O N F I D E N T I A L STATE 259338

TOSEC 390

E.O. 11652: GDS

TAGS: OVIP, (KISSINGER, HENRY)

SUBJECT: FOREIGN ASSISTANCE BILL

FOR SECRETARY FROM MAW

1. WE ARE MAKING RAPID PROGRESS TOWARD CLEARING THROUGH  
SFRC A FOREIGN ASSISTANCE BILL. INTERAGENCY WORKING GROUP  
HAS DEVELOPED WITH SENATE STAFFERS TEXT OF A REVISED BILL  
WHICH WE FULLY EXPECT TO BE BASIS FOR FOREIGN RELATIONS  
COMMITTEE MARKUP ON TUESDAY. SENATORS CASE, SPARKMAN AND  
MCGEE HAVE EXPRESSED THEIR SUPPORT FOR THIS APPROACH AND  
SENATOR CASE HAS GIVEN HIS FULL APPROVAL OF STAFFERS TEXT.  
BASED UPON PARTICIPATION BY THEIR STAFFS AND PRELIMINARY  
TELEPHONE CONVERSATION (TO BE FOLLOWED BY VISITS TO KEY  
SENATORS ON MONDAY), WE ALSO EXPECT SUPPORT FROM MOST OTHER  
MEMBERS OF COMMITTEE.

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2. PRINCIPAL FEATURES OF NEW SFRC BILL WHICH DIFFER FROM OBJECTIVES YOU HAVE APPROVED, TOGETHER WITH PROSPECTS FOR RESOLUTION OF MAJOR ISSUES IN CONFERENCE, ARE AS FOLLOWS:

(1) CAMBODIA CEILING. YOU HAVE APPROVED AN EFFORT TO INCREASE THE CEILING FROM \$347 MILLION IN SENATE BILL TO \$575 MILLION. DRAFT BILL HAS CEILING OF \$377 MILLION AND ALSO PROVIDES THAT CERTAIN REGIONAL PROGRAMS AND MAP DRAWDOWN AUTHORITY WILL NOT COUNT AGAINST THAT CEILING. EFFECT IS EQUIVALENT TO CEILING OF APPROXIMATELY \$530

MILLION. THIS COULD BE LIBERALIZED IN CONFERENCE.

2. MILITARY ASSISTANCE FOR VIETNAM. THE TRANSFER OF MILITARY ASSISTANCE FOR VIETNAM FROM THE DOD BUDGET TO MAP REMAINS IN THE BILL. AN IDENTICAL PROVISION IS CONTAINED IN THE HOUSE BILL. SECRETARY SCHLESINGER WAS UNABLE TO PERSUADE SENATOR STENNIS THIS WEEK TO MAKE AN EFFORT TO RETAIN JURISDICTION OVER THIS PROGRAM IN THE ARMED SERVICES COMMITTEE. UNLESS THE PRESIDENT IS ABLE TO CHANGE SENATOR STENNIS' MIND NEXT WEEK, THE SHIFT OF THIS PROGRAM TO MAP NEXT YEAR SEEMS INEVITABLE, IRRESPECTIVE OF THE PASSAGE OF THE FOREIGN ASSISTANCE BILL. THE EFFECT OF A CHANGE IN COMMITTEE JURISDICTION IS UNCERTAIN IN THAT IDENTIFICATION OF THE VIETNAM PROGRAM AS A SEPARATE LINE ITEM IN THE DOD BUDGET HAS ALREADY BEEN DEMONSTRATED THIS YEAR TO MAKE THE PROGRAM VULNERABLE TO SEVERE CUTS.

3. INDOCHINA POST WAR RECONSTRUCTION LEVEL. YOU HAVE APPROVED AN EFFORT TO INCREASE THE IPR CEILING FROM \$550 MILLION APPROVED BY THE SENATE COMMITTEE (REDUCED ON SENATE FLOOR TO \$515 MILLION) TO \$650 MILLION. THE REVISED BILL PROVIDES AN IPR LEVEL OF \$625 MILLION. IN CONFERENCE WE HOPE TO MAINTAIN THE \$625 MILLION LEVEL OR, IF IT IS REDUCED IN COMPROMISE WITH THE HOUSE, TO OBTAIN AUTHORITY TO USE OTHER DEVELOPMENT FUNDS IN INDOCHINA AS PERMITTED BY THE HOUSE BILL.

4. HUMAN RIGHTS.  
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1. GENERAL. YOU HAVE APPROVED AN EFFORT TO OBTAIN THE GENERAL PROVISION CONTAINED IN THE HOUSE BILL RATHER THAN THE SENATE REQUIREMENT FOR A RECURRING REPORT ON THE IMPLEMENTATION OF THE POLITICAL PRISONER PROVISION ENACTED LAST YEAR. THE REVISED BILL RETAINS THE SENATE PROVISION BECAUSE OF A SENATE STAFF RECOMMENDATION THAT A CHANGE WOULD PROVOKE A MAJOR FLOOR FIGHT WITH UNPRE-

DICTABLE RESULTS. HOWEVER, THE SENATE IS EXPECTED TO ACCEPT THE HOUSE PROVISION IN CONFERENCE.

2. KOREA. YOU HAVE APPROVED OPPOSITION TO ANY RESTRICTIONS ON ASSISTANCE OR SALES TO KOREA. THE REVISED BILL RETAINS THE SENATE PROVISION FOR MAP AND FMS PHASE-OUT OVER THE NEXT THREE YEARS. HOWEVER, WE ARE ASSURED THE SENATE WILL NOT PRESS FOR FMS OR MAP TRAINING PHASEOUT IN CONFERENCE. THE CONFERENCE OUTCOME TO A CONSIDERABLE EXTENT WILL DEPEND ON WHATEVER UNDERSTANDING WE ARE ABLE TO REACH WITH CONGRESSMAN FRASER.

3. CHILE. THE REVISED BILL IMPOSES A CEILING OF \$65 MILLION ON GRANT ASSISTANCE AND FMS CREDITS FOR FY 1975, OF WHICH NOT TO EXCEED \$10 MILLION CAN BE USED FOR MAP OR FMS. THERE MAY BE AN EFFORT IN THE SENATE COMMITTEE OR ON THE FLOOR TO READOPT SENATOR KENNEDY'S MORE RESTRICTIVE AMENDMENT, WHICH ELIMINATES THE \$10 MILLION FOR MILITARY AID. ASSISTANT SECRETARY ROGERS WILL MEET WITH SENATOR KENNEDY IN AN EFFORT TO PERSUADE HIM THAT HIS AMENDMENT WOULD NOT ADVANCE HUMAN RIGHTS IN CHILE BUT WOULD BE HARMFUL TO US INTERESTS. THE OUTCOME IN CONFERENCE, AS IN THE CASE OF KOREA, WILL DEPEND LARGELY UPON REACHING AN ACCOMMODATION WITH CONGRESSMAN FRASER AND HIS SUPPORTERS. THE HOUSE BILL ALSO RESTRICTS MILITARY AID TO CHILE.

3. WITH FOREGOING EXCEPTIONS, PROVISIONS OF REVISED SENATE BILL ARE CONSISTENT WITH ADMINISTRATION LEGISLATIVE OBJECTIVES. SPECIFICALLY:

1. LEGISLATIVE VETO HAS BEEN MODIFIED WITH RESPECT TO MIDDLE EAST SPECIAL REQUIREMENTS FUND AND ELIMINATED

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ALTOGETHER WITH RESPECT TO FMS SALES.

2. RESTRICTIONS ON MILITARY ASSISTANCE AND SALES TO SOUTH ASIA HAVE BEEN DELETED.

3. BILL CONTAINS NO RESTRICTIONS REGARDING TURKEY, BUT WE WILL HAVE TO MEET THE ISSUES LATER IN THE COMMITTEE OR ON THE FLOOR. I WILL EXPLORE EAGLETON'S POSITION NEXT WEEK.

4. MAP LEVEL REMAINS AT \$550 MILLION, BUT USE OF UP TO ADDITIONAL \$150 MILLION IN DRAWDOWN FOR CAMBODIA IS AUTHORIZED. (EQUIVALENT TO MAP OF \$700 MILLION).

5. DRAWDOWN AUTHORITY (REPEALED BY ORIGINAL SENATE

BILL) IS RENEWED FOR FY 1975 AT REDUCED LEVEL OF \$150 MILLION. WE EXPECT MAP LEVEL TO BE INCREASED IN CONFERENCE, THUS REDUCING NEED FOR DRAWDOWN IN CAMBODIA AND MAKING THIS AUTHORITY AVAILABLE IF NEEDED FOR OTHER EMERGENCIES.

6. PAYMENT OF MAAG COSTS BY MAP APPROPRIATION IS DEFERRED UNTIL FY 1976 AND MAY BE ELIMINATED ENTIRELY IN CONFERENCE.

7. PRESIDENT'S WAIVER AUTHORITY (REPEALED BY ORIGINAL SENATE BILL), IS RESTORED, SUBJECT TO LIMITATION THAT IT CANNOT BE USED TO EXCEED LIMITS ON FUND TRANSFERS. WAIVER AUTHORITY HAS SELDOM BEEN USED IN THIS WAY.

8. FOREIGN ASSISTANCE CEILING (CHURCH AMENDMENT) IS ELIMINATED.

9. PROGRAM ALLOCATION RESTRICTIONS IN INDOCHINA HAVE BEEN LIBERALIZED TO PERMIT GREATER FLEXIBILITY.

10. MAP PHASEOUT IS RETAINED TO FACILITATE SENATE PASSAGE, WITH UNDERSTANDING THAT IT WILL BE DROPPED IN CONFERENCE.

11. FMS GUARANTY RESERVE REQUIREMENT IS REDUCED  
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FROM 25 TO 10 OF EACH GUARANTEED LOAN, PERMITTING GREATER FLEXIBILITY IN MIX OF DIRECT AND GUARANTEED CREDIT AND PERMITTING PROGRAM TO BE CARRIED OUT WITH LOWER LEVEL OF APPROPRIATED FUNDS. THE FMS APPROPRIATION IS REDUCED FROM \$455 TO \$405 MILLION IN LIGHT OF CHANGE IN GUARANTY RESERVE REQUIREMENT.

4. I BELIEVE THE ABOVE DESCRIBED REVISED BILL IS THE BEST WE CAN HOPE TO ACHIEVE FROM THE SRFC. ACCORDINGLY, WE ARE MAKING A CONCERTED EFFORT TO OBTAIN ITS SENATE PASSAGE AND TO DEFEAT OBSTRUCTIONIST AMENDMENTS. WE HAVE YET TO FIND ACCOMMODATION ON THE TURKEY AND CHILE ISSUES, WHICH MUST BE FOUND SOMEHOW.

5. WE HAVE JUST RECEIVED SECTO 138 ON THE SUBJECT OF FOREIGN AID BILL AND FRASER AND ARE REPLYING TO THAT MESSAGE BY SEPTTEL. INGERSOLL  
UNQUOTE INGZRSOLL

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